



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 1/16/2004

GAIN Report Number: IN4003

India

Agricultural Situation

Weekly Highlights and Hot Bites, #2

2004

Approved by:

Chad R. Russell

U.S. Embassy, FASNEWDELHI

Prepared by:

A. Govindan, Santosh Kr. Singh, V. Shunmugam

Report Highlights:

New rules throw farm imports out of gear, *CMIE raises GDP forecast to 8.2 percent*, *EU standards likely only for soft drinks*, *Imported liquor to be cheaper*, *BJP recommends election as early as possible*, *Wal-Mart CEO sees retail boom in India*, *Del Monte to can food in India*, *Bt cotton acreage doubles to 100,000 hectares*, *Gujarat asked to control spurious Bt cotton seeds*, *Gene campaign moves Supreme Court for right biotech policy*, *M.K. Bhan is new Secretary of the Department of Biotechnology*.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
New Delhi [IN1]
[IN]

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U.S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included in this report. Significant issues will be expanded upon in subsequent reports from this office.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

NEW RULES THROW FARM IMPORTS OUT OF GEAR

Agriculture commodity importers are in a fix since the beginning of the year over a new set rules and regulations governing the import of a wide range of agricultural products. However, most big players in the commodity markets are still unaware of the government's new regulations. The new "Plant Quarantine (Regulation of Imports into India) Order, 2003", establishes procedures and quarantine requirements for plants, planting materials, and various agricultural products imported into India. The notification contains new Additional Declarations regarding pests and conditions for imports. Many of the conditions are impossible to comply with, and reveal a lack of understanding of business procedures on the part of the bureaucrats, according to some traders. (Source: Business Line, 01/14/04)

Post Comment: For additional details, see IN3126. Post continues to reach out to relevant interlocutors in the Indian Ministries of Agriculture and Commerce, seeking further clarification on the new rules and striving to ensure that they will not cause a problem to pending U.S. shipments and future imports.

CMIE RAISES GDP FORECAST TO 8.2 PERCENT

The Center for Monitoring Indian Economy (CMIE), an Indian economic think tank, has raised India's GDP growth forecast for FY 2003/04 (Apr-Mar) upward to 8.2 percent. The forecast for agriculture growth remains at 10.7 percent. (Source: Business Line, 01/13/04)

EU STANDARDS LIKELY ONLY FOR SOFT DRINKS

In a knee-jerk reaction to the controversy over the high pesticide residues in cola drinks, the government issued a draft notification setting EU standards for all beverages, including carbonated drinks, fruit juices, tea, and coffee (see IN3085). However, now the Ministry of Health wants to have these standards for only carbonated drinks, and not for other beverages, which include fruit and vegetable juices. Consumer groups seem to be supporting this change. In a letter reportedly written to the Bureau of Indian Standards, the Ministry of Health has recommended that specifications for each product should be separate. According to the new recommendation by the Ministry of Health, products containing fruit juices up to 20 percent, or beverages with tea/coffee base, need not conform to the stringent pesticide residue prescribed. "Our views are that the requirement prescribed for packaged drinking water should be applicable to those products where water is the principle ingredient," says the recommendation. (Source: Indian Express, 01/09/04)

Post Comment: This reported move by the Health ministry has not yet been officially notified.

IMPORTED LIQUOR TO BE CHEAPER

The GOI has reduced the import duty on spirits from 166 percent to 150 percent. Importers of foreign spirits are also likely to benefit from the recent removal of the 4 percent Special

Additional Duty. Bacardi-Martini India's Managing Director, Jayant Kapoor, said that he expects prices of bottled-in-origin brands to come down by 10 percent. (Source: Business Standard, 01/09/04)

BJP RECOMMENDS ELECTION AS EARLY AS POSSIBLE

The national executive meeting of the Bhartiya Janata Party (BJP) has recommended to call for general elections as early as possible. The BJP leads the ruling coalition government, called the National Democratic Alliance. Responding positively to the BJP recommendation, the Prime Minister expressed hope that a new government will be in place by April 2004. (Source: Business Line 1/13/04)

WAL-MART CEO SEES RETAIL BOOM IN INDIA

Speaking at the National Retail Federation convention, the CEO of Wal-Mart observed that India, with its huge middle class, was ripe for expansion. However, India continues to ban foreign direct investment in its retail sector. (Source: Business Line 1/13/04)

DEL MONTE TO CAN FOOD IN INDIA

Del Monte Pacific Ltd, an affiliate of the US food giant Del Monte Corporation, is planning to set up a manufacturing facility in India to produce fruits and vegetable products. Del Monte has reportedly approached the Foreign Investment Promotion Board, seeking permission to set up a processing unit to manufacture, distribute, and market processed food (including ketchups, sauces, condiments, juices, jams, processed fruits, etc.). The Indian market for processed food is estimated at around \$3.2 billion, 75 percent of which are unorganized small players who process less than one metric ton per day. (Source: Financial Express 1/13/04)

BT COTTON ACREAGE DOUBLES TO 100,000 HECTARES

A Manila-based research firm, International Service for the Acquisition of Agri-biotech Applications, reports that India has doubled its Bt cotton-cultivated area to 100,000 hectares in 2003, after planting it for the first time in 2002. The report states that farmers in India have made up their minds, as they continue to adopt Bt cotton because of significant agronomic, economic, and environmental advantages. (Source: Financial Express 1/14/04)

GUJARAT ASKED TO CONTROL SPURIOUS BT COTTON SEEDS

India's agriculture ministry has asked the Gujarat state government to take action against the manufacturers and vendors of spurious Bt cotton seeds. There are reports of illegal sowing of Bt cotton seeds in Gujarat and parts of northern India. There are also reports of unapproved Bt seeds allegedly being sold by a local seed company in Gujarat. This has prompted the agriculture ministry to seek stringent action against the illegal sowing of Bt cotton. (Source: Financial Express 1/14/04)

GENE CAMPAIGN MOVES SUPREME COURT FOR RIGHT BIOTECH POLICY

Gene Campaign, a leading voluntary organization, has urged the Supreme Court of India through a Public Interest Litigation (PIL) to bring the existing biotech regulations in line with the constitution of the country. Pending a verdict on this, the petition called for a moratorium on permissions, approvals, and trials of genetically engineered crops. (Source: Financial Express 1/10/04)

Post Comments: Post's agbiotech industry contacts indicated that their field trials are currently taking place as per schedule, and that they do not foresee any such bans to be imposed on their trials in the near future. They indicated that, in a previous PIL by another NGO, the Supreme Court affirmed its faith in the existing laws and scientific institutions administer govern those laws.

M.K. BHAN IS NEW SECRETARY OF THE DEPARTMENT OF BIOTECHNOLOGY

Dr. Maharaj Kishan Bhan has been appointed as Secretary of the Department of Biotechnology (DBT), replacing Dr. Manju Sharma, who is retiring. A press release of January 13, 2004, said that the Cabinet approved his appointment recently. (Source: Financial Express 1/14/04)

Post Comments: Dr. M.K. Bhan is currently a senior Professor in the Department of Pediatrics in the All India Institute of Medical Sciences, and is expected to take charge as Secretary, DBT, on March 1, 2004. Official contacts revealed that he is a pediatrician by training, and has conducted some experiments in pharmaceutical biotechnology in collaboration with the DBT. Dr. Bhan is from the Department of Health, and he succeeds two consecutive past secretaries from the agri-biotech field. His appointment is further significant in light of the perceived health issues relating to consumption of genetically engineered food products, which are currently being raised by activists.

RECENT REPORTS SUBMITTED BY FAS/NEW DELHI

REPORT #	SUBJECT	DATE SUBMITTED
IN4001	Weekly Highlights & Hot Bites, #1	01/12/04

WE ARE ON THE NET

We are available at <http://www.usembassy.state.gov/posts/in1/www43.html> or visit our headquarter's home page at <http://www.fas.usda.gov> for a complete selection of FAS worldwide agricultural reporting.

FAS/NEWDELHI EMAIL

To reach us at FAS/New Delhi, email us at Agnewdelhi@usda.gov.